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RE Pet 14 Libya

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EXCISE

52 -45
ACTION E-04

INFO OCT-01 SS-20 NSC-10 NSCE-00 INR-07 CIAE-00 NSAE-00
L-02 OEP-01 PRS-01 ARA-11 EUR-12 AF-05 EA-18 NEA-08
RSR-01 RSC-01 SSO-00 JUS-01 COM-02 OPIC-01 /106 W
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TRIPOLI 542 3/15/11

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INFO USINT ALGIERS
AMEMBASSY BEIRUT
AMEMBASSY BENGHAZI
AMEMBASSY BONN
AMEMBASSY BRUSSELS
USMISSION/EC/BRUSSELS
AMEMBASSY CARACAS
AMCONSUL DHAHRAN
AMEMBASSY DJAKARTA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LAGOS
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY MADRID
USMISSION NATO
AMEMBASSY PARIS
USMISSION/EC PARIS
AMEMBASSY ROME
AMEMBASSY TEHRAN
AMEMBASSY THEHAGUE
AMEMBASSY TOKYO
AMEMBASSY VIENNA

(2)

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY cj DATE 6/22/11
PORTIONS DENIED AS INDICATED

S E C R E T TRIPOLI 542

LIMDIS

SUBJECT : LIBYAN OIL NEGOTIATIONS

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EXCISE

Department of State TELEGRAM

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REFERENCE: TRIPOLI 537

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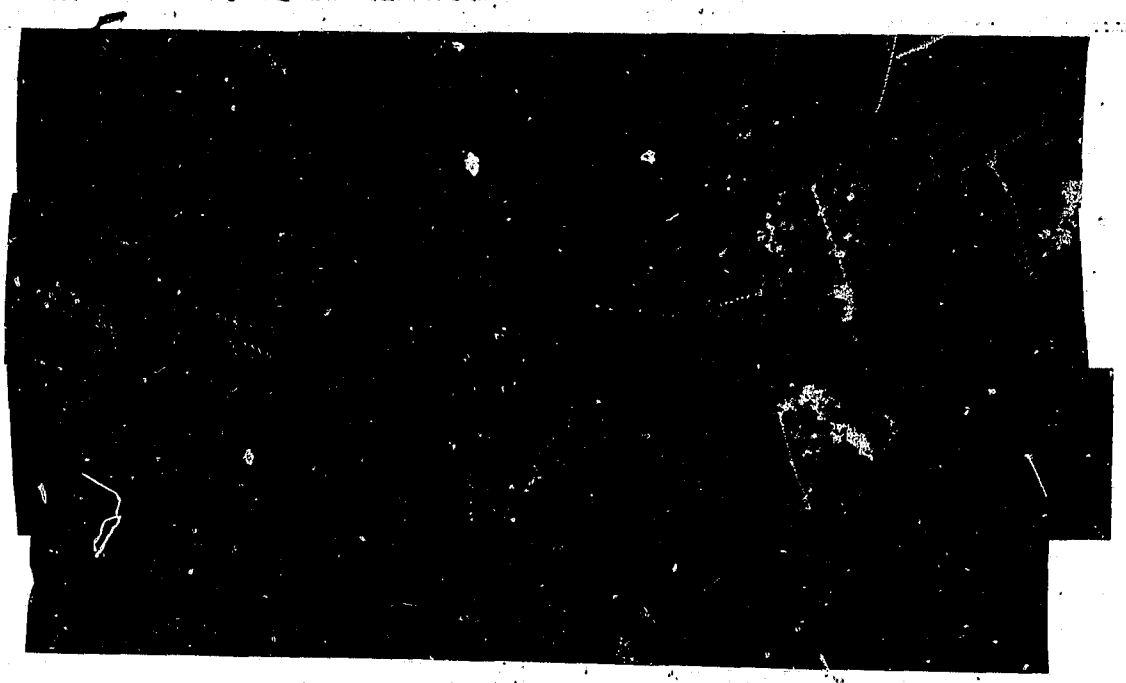

B4

5. THOUGH TODAY'S PRESS SILENT ON SUBJECT, LARG RADIO NEWS PROGRAM EVENING MARCH 14 REPORTED OIL NEGOTIATIONS HAD NOT SUCCEEDED AS RESULT COMPANIES' FAILURE TO OFFER MORE THAN $3.10 PRICE PER BARREL COMPARED TO LARG'S DEMAND FOR $3.75. [redacted] WE CURIOUS WHERE FIGURE FOR COMPANIES' OFFER CAME FROM, UNLESS IT REPRESENTS LARG'S PRICING OF COMPANIES' ORIGINAL OFFER TO DISCUSS VARIOUS PRINCIPLES FOR SETTLEMENT. EVEN DISCOUNTING FIRST-YEAR EUCALATION COSTS (TWO AND ONE-HALF PER CENT ON PERMANENT PRICE INCREASE, PLUS FIVE CENTS FOR "SHAH'S FACTOR"), $3.10 IS ACTUALLY NINE CENTS BELOW COMPANIES' LATEST OFFER. ONE THEORY IS LARG LAYING GROUNDWORK TO CLAIM "VICTORY" BY ACCEPTING $3.19. BUT THEN WHY DID THEY LEAK THEIR DEMAND AS $3.75 (EXCEPT PERHAPS THAT IT ALREADY PUBLISHED ABROAD)?

B4

6. COMMENT: WHILE NEGOTIATIONS AT ANI IMPASSE, THEY NOT FORMALLY BROKEN OFF BY EITHER SIDE. LARG NO DOUBT HOPES STRENGTHEN ITS CASE, AT LEAST PSYCHOLOGICALY, BY NOW LINING UP OTHER MED PRODUCING COUNTRIES. WE UNDERSTAND YAMANI OFI

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SAUDI ARABIA ARRIVING TRIPOLI THIS MORNING AND MEDI OILI MINISTERS' CONFERENCE NOW PROCEEDING. GP-2.
PALMER

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